



**DEPARTMENT OF CONSERVATION OVERSIGHT OF LAND ACQUISITION,
CAPITAL IMPROVEMENTS, AND RELATED PROGRAMS**

**From The Office Of State Auditor
Claire McCaskill**

*Officials need to improve budget planning, oversight
over private organizations, and the strategic planning
process.*

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PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

October 2002

State spent \$2 billion over 24 years on conservation efforts; improvement needed in planning and management of these earmarked funds

Missouri spends more per capita on conservation efforts than its eight neighboring states and has the nation's third largest conservation budget. In the 24 years the state has collected sales tax earmarked for conservation, department officials have spent more than \$2 billion acquiring land, starting programs and building infrastructure. Overall, the department owns 774,000 acres, with 473,000 acres acquired since the tax passed in 1978. This audit focused on how department officials spent this money and found improvement needed in: budget planning, oversight of private organization partnerships and strategic planning.

\$10 million in state grants to conservation partnerships not monitored well

Auditors found inadequate oversight of the \$10 million the department granted to its partnerships with non-profit, local, state and federal entities since fiscal year 1997. Auditors reviewed 29 grant projects and found multiple problems including: no requirement for a budget detailing state fund use, no department access to an organization's financial records and no requirement for an annual accomplishment report. (See page 11) The report details several results of inadequate oversight including the examples below.

Nature center still nonexistent after grant to organization run by ex-employees

The department donated \$492,000 and 455 acres to an organization run by former department employees for a forest heritage center. But more than three years later, all that exists is the center's future site and a hiking trail. Most money meant for center development went for salaries or administrative costs. Due to a lack of documentation, it is unclear how the organization used some of this money. Department personnel acknowledge close ties to former employees may have affected decisions about this project. (See page 12)

\$1.5 million to improve Canadian duck habitats for Missouri-bound fowl

The department has given Ducks Unlimited \$1.5 million since 1997 to help improve Canadian duck habitats, because numerous ducks migrate from Canada through Missouri. The department has not formally assessed project benefits or if the project warrants continued funding. In addition, the grant agreement does not give the department access to the organization's financial records and the organization's accomplishment report does not detail how the project used Missouri funds. (See page 14)

SHEETS
MOTLEY
YELLOW

Conservation goals are unspecific

Department officials have not always specified "how much is enough" to meet conservation goals. For example, the department set its original wetland acquisition goals in 1989 and met most goals by 1997. Since 1989, however, the department has continued acquiring and developing wetlands, spending \$75 million on 43,400 acres. Current wetland acreage exceeds the original 1989 goal by 82 percent. The department also exceeded its 1989 goal of restoring duck population to 1970s levels. Yet the 2003 strategic plan calls for continued wetland acquisition with no updated or specified acreage goals. (See page 17)

Future expenditures may be underestimated

Current department spending patterns show operating costs could rise faster than department projections. Operating costs have steadily increased from 50 percent of total expenditures in fiscal year 1982, up to 83 percent by fiscal year 2002. Department projections show an average annual 3 percent increase through fiscal year 2010. But the 6 percent increase in fiscal year 2002 has already doubled this projection. At the 6 percent rate, operating costs will more than consume total revenues by fiscal year 2010. (See page 6)

Inaccurate cost estimates of multi-million dollar projects skews budgeting

Auditors reviewed seven completed construction projects and found three projects substantially exceeded initial cost estimates. In these cases, Commission members approved projects and the department paid design costs before staff developed reliable project cost estimates. For example, officials initially estimated \$3.6 million for the Kansas City Discovery Center. Private donors and other departments donated money to expand the project, which totaled \$8 million in the end (\$4.7 million from Conservation, \$1.1 million from the Department of Natural Resources and \$2.2 million from private donors). Design and development division personnel said non-specific initial project plans caused initial lower estimates. In addition, department officials did not budget operating costs for new construction projects until fiscal year 2002, partly because the department often had funds to absorb operating cost increases. (See page 8)

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CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
John D. Hoskins, Director
Department of Conservation
Jefferson City, MO 65109

Department of Conservation (department) officials have spent approximately \$2 billion the past 24 years acquiring land, initiating programs, and building the infrastructure to support conservation efforts in the state. Because of the importance of conservation efforts to the citizens of Missouri, we focused on determining whether officials have provided adequate oversight of land acquisitions and related projects and programs. Our methodology can be found in Appendix I, page 26.

We found department officials need to improve (1) budget planning efforts, (2) oversight over private organizations, and (3) the strategic planning process. Improvements are needed in budget planning because officials' projections of future expenditures may be understated. Operating and maintenance costs may eventually consume the department's budget unless officials establish a plan to achieve projected cost growth and address future infrastructure maintenance needs. In addition, officials need to develop realistic initial cost projections for new projects included in budgets, and ensure that realistic operating expenses are developed for all new projects and programs during the planning and budget approval process.

Officials have not provided oversight needed to assure private not-for-profit organizations have met department requirements and that state funds have been properly used by those organizations. Officials have not always adequately monitored organization activities, reviewed financial records, and formally evaluated whether projects deserve to continue to be funded.

Officials need to improve the strategic planning process by establishing better measures of progress, defining problems, and determining how much is needed to satisfy department goals. Officials could also enhance strategic planning by following state guidance on strategic planning, linking the budget process to strategic planning, and providing key staff with adequate training to ensure successful strategic planning efforts.

We make several recommendations to improve the oversight in these areas.

We conducted our work in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

The following auditors contributed to this report:

Director of Audits:	Kirk R. Boyer
Audit Manager:	Robert D. Spence, CGFM
In-Charge Auditors:	Robert E. Showers, CPA Darrick Fulton

INTRODUCTION

The Department of Conservation's (department) budget has grown to be the nation's third largest conservation budget behind California and Florida,¹ but the highest budget per capita among these and Missouri's eight bordering states. Table 1 compares the expenditures, population, and per capita expenditures of those states and neighboring states.

Table 1: Comparison Of Per Capita Expenditures For Conservation

State	Budget (in millions) ¹	Population (in millions)	Per Capita Expenditures
Missouri	\$ 153	5.6	\$ 27
Arkansas	57	2.7	21
Iowa	37	2.9	13
Nebraska	22	1.7	13
California	370 ²	34.5	11
Florida	166	16.4	10
Kansas	26	2.7	10
Kentucky	37	4.1	9
Tennessee	41	5.7	7
Oklahoma	25	3.5	7
Illinois	53	12.5	4

¹State conservation budgets vary as to conservation activities included.

²Excludes \$1 billion for fire protection and recycling programs.

Source: Prepared by SAO based on states' department of conservation data for fiscal year 2001 and U.S. Census Bureau 2001 population estimates.

The department's mission is:

“to protect and manage the fish, forest and wildlife resources of the state; to serve the public and facilitate their participation in resource management activities; and to provide opportunity for all citizens to use, enjoy and learn about fish, forest and wildlife resources.”

Department divisions include fisheries, wildlife, forestry, protection, design and development, private land services, outreach and education, and natural history.

In 1976, Missouri voters approved a constitutional amendment that increased the state sales tax by one-eighth cent and earmarked those funds for the department's exclusive use and primary source of revenue. The amendment did not contain a provision to limit the sales tax increase to a specified period of time. In addition to the tax, the department receives revenue from selling hunting and fishing permits and other miscellaneous sources. The sales tax revenue represents \$1.4 billion of the approximate \$2.2 billion in revenue the department has received since 1978.²

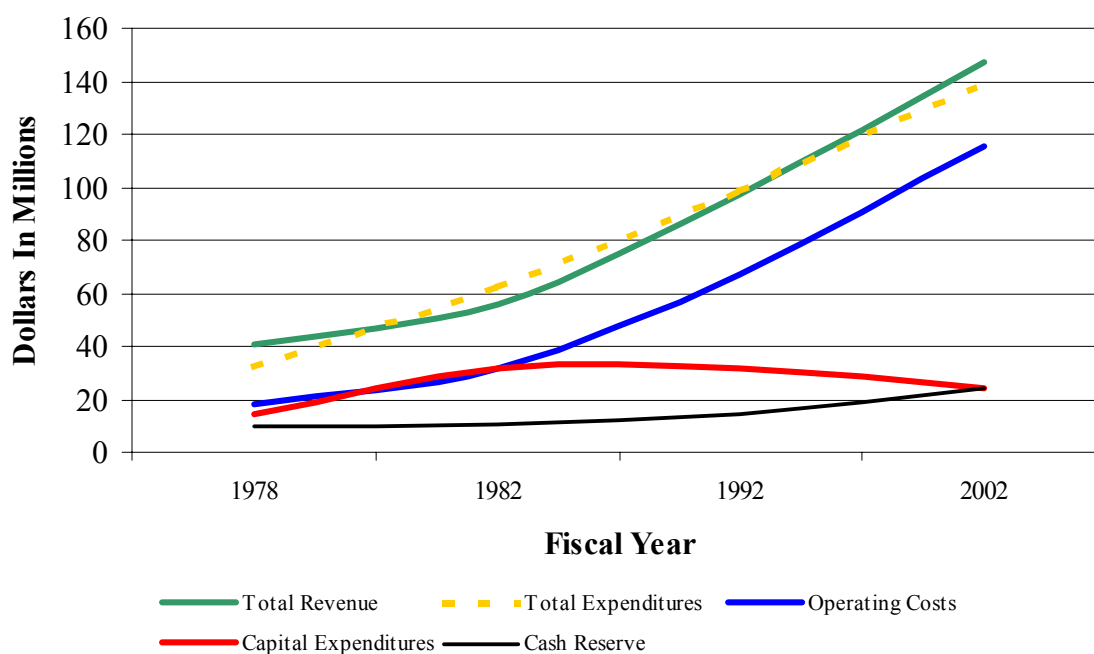
¹ 2001 Survey of State Wildlife Agency Revenue. Wildlife Legislative Fund of America.

² The first year the sales tax was available for use. Revenue from sources other than sales tax is made up of \$465 million in permit sales, \$222 million in federal aid, \$101 million in other sales and rentals, \$31 million in interest, and \$26 million in miscellaneous receipts.

Revenue has been used to enhance wildlife, improve fisheries, conserve forests, create public recreation areas, educate the public, enforce conservation laws, support private land owners and manage endangered species. Funds to carry out department goals are also obtained through donations. In fiscal year 2000, officials began encouraging donors to contribute funds or other assets to the Missouri Conservation Heritage Foundation. For calendar years 2000 and 2001, that private not-for-profit organization received \$3.9 million that is to be used for departmental purposes.

Since 1978, the department has spent approximately \$1.6 billion on operating expenditures. About \$1.1 billion (69 percent) of this amount has been for personnel costs \$500 million for other operating expenses. The department has spent an additional \$634 million on capital expenditures including \$265 million to purchase approximately 473,000 acres, increasing department-owned acreage to approximately 774,000 acres; \$235 million for construction projects and maintenance; and \$134 million for equipment. Figure 1 depicts the financial history of the department since the inception of the sales tax including total revenues, total expenditures, operating expenditures, capital expenditures and cash reserves.

Figure 1: Revenue and Expenditure Trends From 1978 to 2002



Source: Department fiscal services data.

The department also partners with private not-for-profit organizations to accomplish department goals. Since fiscal year 1997, the department has granted approximately \$7 million to not-for-profit organizations for conservation-related programs and projects; and another \$3 million to local, state, and federal entities.³ During that timeframe, private organizations have donated \$3.3 million to the department.

³ See Appendixes II and III, pages 28 and 30, for listings of organizations funded since fiscal year 1997 and purpose for the funding.

In 1977, the department initiated strategic planning when department personnel, with citizen input, developed the “Design for Conservation.” It provided 10 years of strategic direction for the agency and its programs and was followed in 1989 by the first of two five-year strategic plans. The 1990-1994 plan focused on the need to develop a planned management system for prioritizing department goals. With this plan, department personnel emphasized public land usage and stressed developing conservation education programs. Department officials also documented a land purchase strategy in 1991, which laid out the goals to acquire large amounts of land.

In 1995, the governor signed the Commission on Management and Productivity Implementation Order 94-04. This order mandated the adoption of an integrated strategic planning process by all state agencies. The department's second five-year strategic plan (1996-2000) included the department's general direction, goals and objectives. The format of the department's strategic plan changed starting with the fiscal year 2001 plan, which defined strategic issues, desired results and performance measures to help track progress and emphasize accountability as the keys to achieving goals. The department's fiscal year 2003 plan, the next plan developed, is similar in format to the fiscal year 2001 plan. Starting with the fiscal year 2003 plan, the department intends an annual update.

RESULTS AND RECOMMENDATIONS

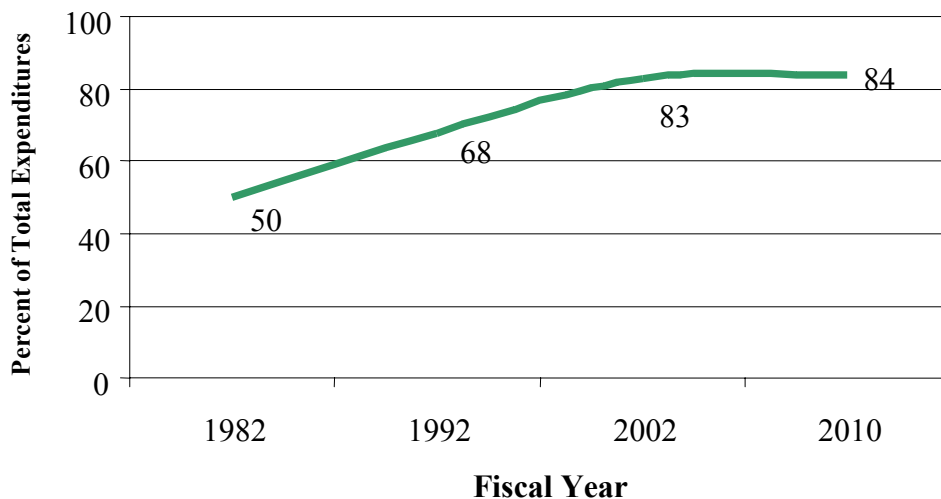
1. Improvements Are Needed in Budget Planning Process

Improvements are needed in the department's budget planning process because department officials' projections of future costs may be understated and officials have not always included accurate project costs or all costs in budget estimates. Department projections of future expenditures may be underestimated because officials have assumed minimal growth in operating costs and have not adequately addressed future maintenance costs that are expected to increase significantly as existing infrastructure ages. Improvements are also needed because officials have not (1) used realistic initial cost estimates for projects or programs, and (2) considered operating costs associated with new projects in past budgets. If officials do not accurately estimate and control increasing operating, maintenance, and other costs, or if revenues are less than projected; department officials may be faced with reducing or eliminating planned capital improvements, programs, or reserve funds.

Department may be underestimating future expenditures

Officials' projected future operating costs, which consists of personnel and all other support costs, will increase to 84 percent of total expenditures by fiscal year 2010. Operating costs as a percentage of total expenditures have increased substantially from fiscal years 1978 through 2002. For example, operating costs increased steadily from 50 percent of total expenditures in fiscal year 1982 to 83 percent by fiscal year 2002, increasing 6 percent in fiscal year 2002 alone. Figure 1.1 depicts the trend of the increase in operating costs as a percentage of total costs during the last 20 years and the projected increase through 2010.

Figure 1.1: Operating Costs As Percent of Total Expenditures



Source: Departmental data and budget projections, as of May 2002.

Department projections have assumed operating costs will increase an average of 3 percent per year through fiscal year 2010. However, our review of historical budget planning data showed operating costs increased an average of 6 percent per year for the past 10 fiscal years. A department official stated the operational cost projections are not meant to be exact and are only meant to capture inflation over the projected timeframe. However, if operating costs continued to grow at their historical growth rate of 6 percent per year, they would amount to 105 percent of total projected revenues by fiscal year 2010.⁴

The department took some action to limit operating costs for fiscal year 2002. For example, department personnel anticipated that smaller increases in revenue might occur so they (1) limited pay raises for employees to an amount that would cover insurance cost increases, (2) elected not to fill all personnel vacancies, and (3) reduced the department fleet by 50 vehicles. Financial data show operating costs decreased slightly (1.4 percent) from fiscal year 2001 to 2002. Although operating cost growth was reduced in fiscal year 2002, a department official stated a specific plan has not been developed to reduce costs to levels projected in future periods. However, a taskforce has been organized to look into this issue, according to that official. Our review of budget planning data showed officials have planned \$40.8 million in construction and development of facilities and land for fiscal years 2003 to 2006. This includes over \$9 million in new facilities that could result in additional operating costs such as additional personnel and other support costs.

Department projections of \$19.8 million for maintenance costs in fiscal years 2003 through 2006 may also be understated. The department's capital improvements budget projections for these years included approximately \$6 million for major renovations and repairs, or an average of \$1.4 million per year. These projections are the first to distinguish additional funding for major infrastructure needs. However, the amount added likely will not cover future costs because maintenance costs increase as existing and future infrastructure ages, according to a department official. When commenting on the draft report, department officials stated they are currently developing a survey which assesses infrastructure needs and costs for the next 20 years.

Projections for
capital repairs not
adequate

The department includes funds for maintenance, operating equipment, new projects, and land acquisition in capital expenditures. However, capital expenditures have decreased as a share of total expenditures leaving less funding for those areas. For example, capital expenditures decreased from 50 percent of total expenditures in fiscal year 1982 to 17 percent by fiscal year 2002. By fiscal year 2010, these expenditures are estimated to be 16 percent of total expenditures.

⁴ Assuming a cost growth rate of 4 percent, operating costs would be 91 percent of total projected revenues by fiscal year 2010. Assuming a cost growth rate of 5 percent, operating costs would be 98 percent of total projected revenues by fiscal year 2010.

Budget planning has not always addressed all costs

Our review of seven completed construction projects identified three instances where actual costs substantially exceeded initial cost estimates. Such inaccurate cost estimates adversely affected the budget planning process, according to a department official, and forced delays of a few projects. Personnel from the department's design and development division develop the initial cost estimates and commission members use these estimates to approve annual capital improvement budgets. Design and development division personnel stated project plans they received during initial planning phases were not specific. As a result, costs exceeded initial projections on three of the seven completed projects reviewed. Project specifications were generally not developed until after the design contract had been awarded, which left division staff lacking the necessary information to formulate meaningful estimates. Contractor design work usually runs from 7 percent to 10 percent of the construction costs for a project. Department personnel work with the design firm to formulate the project specifications and an updated cost estimate during the design phase. Once the design phase is complete, commission members must then approve the construction contract for the project.

Additional cost growth has also occurred on some projects because of unplanned project additions. That is, officials decided to expand several projects between the design phase and final approval. In one case, for example, the \$8 million final construction cost—\$4.7 million from Conservation, \$1.1 million from the Department of Natural Resources, and \$2.2 million from private donors—of the Kansas City Discovery Center exceeded the initial \$3.6 million budget estimate. As such, the department's \$4.7 million final construction cost exceeded its design estimate by 31 percent.⁵ Design and development division officials stated they based the Discovery Center's initial cost estimate on the construction costs of Jefferson City's Runge Nature Center and without sufficient knowledge of the new center's specifications or features.

In addition, department officials have not always addressed operational costs in decisions to purchase land or fund capital improvements. According to a department official, operating costs on individual projects were not formally addressed in the budget process until fiscal year 2002. Budget documentation shows that department officials included approximately \$10.4 million in operating expenditures for planned projects⁶ during fiscal years 2002 through 2006. Prior to fiscal year 2002, department personnel addressed operating costs by making an annual adjustment to total operating costs. If understated, the department had the resources to absorb the increase, according to this department official.

The Kansas City Discovery Center is also an example where operating costs were not formally considered. Department officials did not consider approximately \$1.1 million a year to operate the center when planning this project. The center is designed to house some metro office staff and to serve as an educational center for the Kansas City metropolitan area. Of the 19 staff currently budgeted to operate the facility, 11 represent additional staff not previously employed by the department.

⁵ The \$4.7 million does not include \$759,000 in design cost.

⁶ Includes funding for the Kansas City Discovery Center, which opened in April 2002.

Conclusions

Improvements are needed in the process officials use to formulate future budget estimates. Officials have assumed they can limit increases in operating costs to about three percent a year. However, given (1) past growth of operating expenditures, (2) officials' plans to fund future capital projects and programs, and (3) officials' lack of a plan to control the growth of costs associated with operating and maintenance costs, it is questionable whether that goal will be achieved. In addition, the department has not adequately addressed additional maintenance costs as new and existing infrastructure ages when planning future capital expenditure budgets.

Budget planning has been adversely affected by inaccurate initial cost estimates for projects and the lack of estimated operating costs for new projects. Commission members should have accurate initial project cost estimates to assist them in preparing budgets and approving a project before proceeding to the design phase where design costs will be incurred. In addition, meaningful estimates for personnel and other costs are needed before committing to new projects or programs that could exist for many years. The department has not addressed operating costs for projects in the budget planning process until fiscal year 2002. In the past, officials assumed revenue would be adequate to absorb additional operating costs, which may not be true in the future.

If a plan is not developed to limit increases in expenditures that adequately addresses future infrastructure maintenance requirements, the department could be forced to make up shortfalls. This problem could require increasing license and permit fees, spending existing fund balances or reducing capital and operating expenditures. Such reductions could include cutting staff and programs.

Recommendations

We recommend the Director, Department of Conservation:

- 1.1 Develop plans to control future increases in operating expenditures and address future infrastructure maintenance requirements.
- 1.2 Require department personnel to address operating costs on all projects or programs during initial planning.
- 1.3 Institute procedures that require a formal assessment of project specifications prior to formulation of initial internal cost estimates.

Department of Conservation Responses

- 1.1 *We agree. The need to control operating cost increases has been recognized and future projects proposed will continue to include operating cost requirements prior to their approval.*

- 1.2 *We agree. All planning documents now contain operating cost projections for each new project. A Cash Flow management report is regularly prepared by the Fiscal Services Chief and reviewed by the Capital Improvement Coordination Committee as they consider future funding recommendations.*
- 1.3 *We agree. This is now being done. Initial internal estimates have historically been revised as planning proceeds and prior to final approval.*

2. Improved Oversight of Private Organizations Is Needed

The department needs to improve its oversight of affiliations with private not-for-profit organizations. The department has not always (1) required private organizations to meet agreement provisions, (2) conducted periodic site visits and/or conducted program reviews, (3) reviewed financial records, and (4) assessed the benefits of the program/project. As a result, department officials cannot be assured that private organizations have used state funds for intended purposes and met department goals.

Adequate oversight of private organizations has not been assured

Our review of 29 grant projects⁷ determined officials had not included adequate oversight provisions in many of the agreements. Sound business practices call for specific provisions in agreements with outside organizations which allow the department to adequately monitor the use of state funds. The following provisions are sound business practices:

- A summary of goals or objectives of the project.
- A detailed budget that outlines the planned use of state funds.
- Access to financial records of the grantee and/or audited financial statements.
- An annual report of accomplishments.

Our review disclosed that for two of the 29 projects, the department had not executed a formal agreement with the private organizations.

Of the remaining 27 projects, we found multiple problems. For example, 3 project agreements did not contain an adequate summary of the program/project goals or objectives, 13 project agreements did not require the private organization to submit a budget outlining the use of state funds, 23 project agreements did not contain provisions that allow the department access to the grantee's financial records and/or require a financial audit report from the organization, and 17 project agreements did not require the organization to submit an annual or final report of project accomplishments.

Further review of 7 of the 27 projects showed department officials did not adequately monitor activities of the grantees. We believe sound business practices call for department officials to provide adequate oversight of organizations which includes:

- Reviewing financial data or audited financial statements.
- Making site visits and/or conducting adequate program reviews.
- Formally assessing yearly accomplishments prior to renewing agreements.

As such, the department cannot ensure the private not-for-profit organizations meet the department's expectations, or that state funds were used as intended. Examples of weaknesses on four of seven projects reviewed follow.

⁷ See Appendix II, page 28, for listing of organizations funded since fiscal year 1997.

Missouri Forest Heritage Center

The department granted \$837,000 to the Missouri Forest Heritage Center, Incorporated, a non-profit organization formed in 1989 by department employees, to develop an education center. The department did not (1) adhere to the terms of the agreements, (2) require organization officials meet all terms of the agreements, and (3) require state funds to be used in accordance with the terms of one of the agreements. In addition, the department did not require a detailed budget that outlined the planned use of state funds or an annual report of accomplishments. Furthermore, officials did not perform adequate program reviews of this project, periodically assess the benefits of this project, or adequately review financial information of the organization.

This project involves \$837,000 in state funding that consists of \$492,000 in cash and 455 acres donated to the organization valued at \$345,000. The organization has attempted to develop the Forest Heritage Educational Center in Shannon County. As of May 31, 2002, one department official serves on the foundation's board of trustees. In addition, a former department director and three former department employees serve as either board members or as an officer of the foundation. Department officials entered into two separate agreements with the organization.

Officials approved the first agreement (center agreement) in June 1995 to provide a grant of \$1 million toward the design and construction of the facility, if matching funds in the amount of \$1 million were secured by the private organization's officials. The department's donation of land was part of the \$1 million commitment to the project. The center agreement stipulated transfer of title to the land would occur either (1) when department officials determined there were sufficient assets controlled by organization officials to complete the project, or (2) when the total grant had been satisfactorily matched with assets of the organization. As of May 31, 2002, the department had paid the organization \$192,000 in cash and deeded \$345,000 in land toward the \$1 million commitment.

In addition to the \$1 million commitment, officials executed a second agreement in January 1996 under which they paid an additional \$300,000 to the organization. To meet the terms of this agreement, the private organization created the Missouri Forest Association to promote forestry and raise funds for the construction and operation of the center.

In addition to state funding of \$492,000 under both agreements, organization officials received approximately \$300,000 in private donations,⁸ for a total of \$792,000 in cash. Of that amount, we estimate that organization officials have spent approximately \$784,000⁹ and have a cash balance of approximately \$8,000, as of July 15, 2002. In April 2001, administrative operations ceased because the organization's board determined funding was no longer sufficient to support paid staff.

\$492,000 in state
funds expended

Contrary to the terms of the agreement with center officials, the department executed a quitclaim deed transferring ownership of the land to the private organization on January 15, 1999, with

⁸ Tax credits totaling \$66,746 were issued by the Department of Economic Development associated with these donations.

⁹ Estimate based on our review of bank and organization records for fiscal years 1996 through 2001.

certain stipulations. The stipulations required that (1) a gate house, temporary museum, picnic area, outdoor exhibits and visitor parking were to be completed and open to the public within three years of the execution of the deed; and (2) a main building (interpretive museum) be completed and open to the public within five years of the execution of the deed. The stipulations on the deed gave the department the right to reclaim the property if the organization did not meet these terms.

In December 1998, commission members recognized that the private organization failed to meet terms of the agreement to transfer the land title. However, organization representatives met with commission members and asked that the land still be transferred to the organization. During the discussions, commissioners expressed concern that the department had been underwriting the private organization's operating costs during its fundraising campaign, which had been ongoing for over two and a half years and raised less than \$300,000. An organization representative acknowledged that the fundraising campaign had not been very successful and stated that prospective donors had been reluctant to commit to the project until the organization had title to the property. Commission members supported the transfer, but noted property ownership would revert to the department if development requirements were not met.

Terms of
agreement not
enforced

In February 2002, three years after the execution of the deed to the land, we visited the project site and found no development activity had occurred except for a trail created by volunteers. However, as of July 15, 2002, the department had not taken any action to reclaim this property as allowed in the deed. Department personnel stated they have not reclaimed the property because organization officials have told them the organization intends to apply for \$250,000 in federal grant funding. However, as of July 15, 2002, organization officials had not submitted the application for these funds. In commenting on the draft report, officials stated they plan to execute a new quitclaim deed with the organization. The new deed will require the organization to secure federal grants and/or private funding and begin construction of the facility by April 2, 2003.

Regarding the \$192,000 paid to the organization under the center agreement, our review of bank records disclosed organization officials used approximately \$167,000 to pay for administrative costs in violation of the terms of the agreement. For example, state funds were used for salaries for two staff and other administrative costs. The center agreement required funds only be used for development of physical facilities of the center and stated that funds were not to be used for operational expenses. In addition to the \$167,000, bank and project records showed organization officials spent approximately \$25,000 for architect fees and various artifacts to be displayed at the center.

The department's agreement provided access to the private organization's financial records. However, department officials independent of the project did not adequately review the organization's financial records to evaluate the use and management of state funds. Our review of the organization's bank records disclosed several internal control weaknesses. For example, we found the organization's director signed checks totaling about \$21,000 that were payable to

the director¹⁰ and checks totaling approximately \$25,000 payable to cash.¹¹ Organization officials could not provide adequate supporting documentation to determine how funds were used.

Department personnel acknowledged that the close working relationship with former department employees, who serve as organization trustees, may have influenced the department's decisions on this project.

American Fish and Wildlife Museum

The department committed \$2.5 million to the American National Fish and Wildlife Museum District over a five year period, with an option, for an additional \$2.5 million. According to department officials, the purpose of the funding is to support conservation related exhibits and the establishment of an education program at a museum located in Springfield. In conjunction with the education program, museum officials agreed to reimburse the department for department employees that may be assigned to the museum, according to department officials. The department's agreement did not contain a summary of goals or objectives of the project, a detailed budget that outlined the planned use of state funds, provisions for department access to financial records or audit reports, or an annual report of accomplishments. While the department director is a member of the board of this organization and receives monthly financial statements, a department official stated that state funding is combined with other museum funds, making it impossible to track specific use of the funds.

Management of North America Wetlands

The department granted a total of \$2.3 million to Ducks Unlimited, Incorporated since fiscal year 1993, to improve duck habitat in Canada and other projects. The department's agreement did not allow the department access to financial records or audit reports. In addition, department officials did not formally assess the program's benefits to determine whether to continue state funding. Department officials stated they visited the site in October 2001 and in the mid-1990s in an attempt to assess the program's benefits. The department also receives a report of overall project accomplishments and total funds expended. However, this report does not specifically address how state funds were used.

Missouri is one of three states that financially support this project. A department official stated that this project is important because a significant number of ducks migrate from Canada through Missouri. An agreement executed in April 1995 called for both organizations to cooperate in providing the non-federal matching funds required for North American Wetlands Conservation Act projects conducted in Canada. The joint project also called for management emphasis on migratory waterfowl for those wetland habitats which have been acquired, developed, or enhanced by cooperative organization and state funding.

¹⁰ Based on our review of bank records, we estimate \$15,326 related to the director's salary and benefits, \$4,260 related to travel and entertainment, and \$1,119 for office equipment and supplies.

¹¹ Based on our review of bank records, we estimate \$16,389 related to the purchase of computer equipment, \$2,846 related to the purchase of office equipment and supplies, \$2,380 related to the director's salary and benefits, \$920 related to miscellaneous expenses, and \$2,871 could not be identified.

Coordination of Missouri Volunteer Activities and Missouri Forest Keepers Network

The department has provided \$1 million¹² in state and federal funding since 1997 to Forest Releaf of Missouri to coordinate volunteer activities. Two agreements for part of this funding were executed for fiscal year 2002 and totaled \$159,000. The agreements did not allow department officials access to financial records of the grantee and/or require the organization to submit an audited financial statement. In addition, department officials did not formally assess the program's benefits to evaluate continued funding. The cooperative agreement, executed in August 1999, states the department and the organization share a common goal — to help educate citizens about the care and management of forest resources and to provide them a means of action. To accomplish this goal, department and organization officials launched a volunteer-based forest health monitoring program known as the Missouri ForestKeepers Network. The agreement states that besides forest health education, the network provides a statewide network of supporters and an early warning system of damage and potential threats to the health of forest communities.

Conclusions

By not adequately overseeing affiliations with private organizations, department officials cannot ensure that all projects have been completed in accordance with the terms of agreements. In addition, the department cannot ensure that state funds were used properly when private organizations were not required to submit audited financial statements, report on the progress of on-going projects or programs, or submit a final report summarizing results achieved. Actively monitoring private organizations—especially when they include department employees—decreases the risk that an organization may never finish a project or improperly use state funding.

Officials' failure to review financial records, assess programs, and formally evaluate overall results achieved, increases the likelihood of continued funding of unsuccessful projects and potential inappropriate use of state funds. It is imperative officials take an active role in overseeing taxpayer funded programs and projects.

Recommendations

We recommend the Director, Department of Conservation, strengthen oversight of affiliations with private organizations by requiring officials to:

2.1 Establish oversight provisions for inclusion in agreements with private organizations that receive state funds by requiring:

- A summary of goals or objectives of the program/project.
- A detailed budget that outlines the planned use of state funds.
- Access to financial records of the grantee and/or audited financial statements.
- An annual report of accomplishments.

¹² The federal government provided approximately half of the funding for this project, according to department personnel.

2.2 Monitor private organizations to ensure requirements are met, state funds are used in accordance with agreements, and results are achieved as agreed by:

- Reviewing financial data or audited financial statements.
- Making site visits and/or conducting adequate program reviews.
- Formally assessing yearly accomplishments prior to renewing agreements.

Department of Conservation Responses

2.1 *We agree. These provisions are now incorporated into agreements with private organizations.*

2.2 *We agree that a more formal monitoring process is appropriate. A designated Department official has been assigned to current and will be assigned to all future agreements with private organizations. Each agreement will be monitored against contract requirements and reported to the Director immediately if problems are identified.*

3. Efforts to Address Strategic Planning Have Not Ensured Accountability

Department officials cannot be assured that state funds expended for conservation land management programs and projects are accomplishing intended goals because officials have not (1) fully implemented the results-based strategic planning process, (2) adequately linked the budget process to strategic planning, and (3) adequately trained key personnel involved in the strategic planning process. In addition, officials have not always adhered to strategic planning guidance. As a result, a key element of strategic planning, accountability, has not been assured. Without accountability, taxpayers cannot be assured the department has spent available funding the most effectively.

Results-based strategic planning process has not been fully implemented

Officials have not fully addressed requirements of strategic planning guidance provided by the governor or other critical elements of results-based planning. Department officials have not (1) established specific goals to be achieved, (2) always used data to measure and/or report on progress achieved, (3) restricted the number of performance measures used, (4) always adequately defined the extent of the problem, and (5) always assessed the impact of other programs and resources when implementing strategies. Discussions of these weaknesses follow.

Specific goals have not always been established

The department has not always specified "how much is enough" to accomplish conservation goals. Our review of the fiscal year 2003 strategic plan showed it contains strategic issues with desired results, or expected outcomes, which are not always specific in terms of the expected improvements as recommended by state-level strategic planning guidance. For example, the plan notes wetland diversity as a strategic issue, which includes a desired result of increasing the total acres of state-owned wetlands. While that outcome is measurable, it is not stated in terms of a specific goal. For example, designating a desired result of increasing the total number of state-owned wetland acres by 50,000 would be an outcome that is both measurable and specific and would allow the department to track progress towards the specified goal.

Department officials have previously developed specific wetland acquisition and duck population goals, but have not tracked progress towards meeting those goals. For example, the department's 1989 wetland plan established an objective of acquiring an additional 23,820 acres of department owned wetlands. The 1989 plan also established a goal of restoring duck populations to 1970s levels.

Department officials prepared a wetland plan progress report in 1997, which recognized the achievement of most of the goals established in the 1989 plan. However, they did not use this assessment to amend statewide wetland goals and no new statewide wetland goals have been established. Officials from the department's wildlife division indicated that no new statewide goals have been established due to the agency's switch to a decentralized planning process in the late

Wetland goals
exceeded

1990s. Our analysis of department data showed department officials have acquired approximately 43,400 wetland acres since 1989. The total acres acquired exceed the 1989 acquisition goal by 19,580 acres, or 82 percent. The department has also exceeded the duck population goals set forth in the 1989 wetland plan. Department research data showed duck populations have exceeded 1970s levels 6 of the last 7 years. Department officials have spent approximately \$75 million since 1989 acquiring and developing wetland areas over and above 1989 wetland goals, yet in the fiscal year 2003 strategic plan, officials continue to plan to buy and develop an unspecified amount of additional wetlands.

Insufficient data used to measure progress

Data has not always been used to measure progress or to support the reporting of results. Data presented on accomplishments in the fiscal year 2003 plan generally represented data at a specific point in time and did not provide information on trends. According to results-based planning guidance, baseline data should be presented to establish a starting point, or a baseline, and subsequent trend data should be presented to track progress and assess results over time. While department officials have presented some trend data in that plan, specifically regarding prairie chicken and small game populations, the majority of results reported were not supported by adequate data. For example, the strategic issue of completing Missouri's natural areas system includes a performance measure of the number of acres of new natural acres designated. The only data presented to report progress is that 1,652 new acres were designated in fiscal year 2001.

In addition, department officials have not presented any data to support the achievement of other department goals. For example, the number and types of wetland acres has not been tracked and the department does not have a record of total wetland acres according to department personnel. Department officials recognized the importance of a wetland inventory in the 1989 department wetland plan. This plan emphasized the need for a wetland inventory system in order to "provide a base from which to measure future changes in the status of Missouri wetlands." However, this 1989 goal has not been accomplished and continues to be recognized as a significant weakness in the fiscal year 2003 strategic plan. According to department personnel, this situation exists because of a debate as to which inventory system to use, as well as affordability issues. Using department data, we estimate that the department owns approximately 100,000 wetland acres, as of July 15, 2002.

Too many performance measures used

Department officials also have not restricted the use of performance measures. The department's fiscal year 2003 strategic plan specifies 135 separate performance measures and the department's most recent budget request to the legislature contained 89 performance measures. According to results-based planning literature,¹³ too many performance indicators make it difficult for "legislators and executive branch users to sort out what is important." The primary reasons for the excessive number of performance measures are as follows:

- Many measures are activity-based performance measures. State-level strategic planning guidance indicates that the use of activity-based measures is not productive when it comes to strategic planning. An activity-based measure is one that measures the amount of work the department is doing rather than the results of department programs. The section of the strategic plan concerning conservation education includes numerous activity based performance measures. For example, the plan states public relations specialists presented 233 programs to 33,498 people. However, there is no attempt to measure either changes in citizens' attitudes about conservation issues or the effectiveness of conservation education programs. Guidance reviewed suggests that some activity-based measures may be useful, however, the primary purpose of a performance measure should be to show progress in achieving desired results or outcomes.
- Many measures selected by the department are not necessarily the best measure of accomplishment related to the issue at hand. For example, one of the performance measures used to measure the strategic issue of floodplain habitat enhancement is the number of fisherman using the river. While the number of fisherman may be a useful measure of recreational usage, it does not give an accurate measure of whether floodplain habitat has been enhanced.

Adequate problem statements have not always been developed

Department officials have developed strategic issues and implemented strategies to achieve statewide conservation goals without always defining the extent of the problem or providing baseline data that supported the existence of a problem. State-level strategic planning guidance (state guidance) stresses the need for internal and external assessments as a tool to recognize current and potential issues of the agency. That guidance states that these assessments must take into account "both historical and future perspectives with reviews of past performance."¹⁴ Additional results-based accountability guidance suggests making an initial determination through the collection of baseline data to determine the extent of the problem.

Our review of current and previous strategic plans revealed, in many cases, department projects were undertaken without any indication a problem existed. For example, the

¹³ *Making Results-Based State Government Work*, The Urban Institute.

¹⁴ *Missouri Integrated Strategic Planning - Model and Guidelines*, Interagency Planning Council, December 1999.

fiscal year 2003 strategic plan calls for enhancing Missouri and Mississippi River habitats and addresses strategies to accomplish related goals. However, the plan contains no baseline data or information showing a need for river habitat enhancement. In addition, the fiscal year 2003 and prior strategic plans address conservation education in general, but do not provide baseline data to determine the extent of the conservation education problem. Baseline data could also be used to measure the effectiveness of conservation education programs.

Impact of other programs and demand for services has not always been assessed

When assessing needs and planning strategies the department did not assess the extent to which private organizations or other state or federal programs impacted department goals. State guidance states that the impact of other programs should be assessed as part of an external assessment process. Officials also did not determine the extent that the public would utilize the facilities or programs established in most cases. This situation occurred in the following examples.

In one example, officials have spent about \$75 million acquiring in excess of 43,400 wetland acres and developing approximately 21,000 wetland acres.¹⁵ Our review of the department's 1989 wetland planning document showed department officials considered public use wetland acres owned and operated by the U.S. Fish and Wildlife Service when determining statewide need goals. However, officials did not reassess wetland needs after a federal wetland program was established in 1992. Since that time, the federal government has paid Missouri landowners \$69.6 million under the Wetland Reserve Program for wetland easements and restoration. As of September 2001, approximately 68,000 acres of privately held land had been enrolled in that program. In addition to federal funds going towards wetland restoration, an unspecified amount of wetland habitat is privately held, some of it for commercial purposes such as hunting clubs.

Department officials stated that the implementation of the Wetland Reserve Program and the resulting increase in the amount of privately held restored wetland has not altered the department's wetland acquisition strategy because they feel department managed wetland areas serve a different purpose from privately held lands. Department managed lands are generally more intensively managed to provide wetland habitat for public use even in years of drought.

In the second example, officials did not consider the impact of federal and other state-owned forestland on the need for additional forestland when they approved the purchase of the Gist Ranch Conservation Area in 1997, for approximately \$2.2 million. Gist Ranch is an 11,400-acre forested conservation area in southeast Texas County and is located within 40 miles of four major sections of the Mark Twain National Forest as well as the federal Ozark National Riverways. Gist Ranch is also less than 20 miles from more than 75,000 acres of department owned land in Shannon County. In acquiring the

¹⁵ We calculated by combining the department's 1997 wetland update report and our review of acquisition and construction files.

Gist Ranch property, department officials did not follow guidance in the department's 1991 land acquisition plan. The guidance states that officials should take other state and federal resources into account when considering a new acquisition by designating it as a "low priority in counties with significant public lands." Department personnel stated that when the property became available, it represented an excellent opportunity to acquire a large track of land in a county where the department owned only a small amount of land.

In the third example, department officials did not assess the impact that other conservation-based education programs in the Kansas City metropolitan area would have on the need for the Kansas City Discovery Center. While developing plans for the center, department officials provided \$500,000 to a not-for-profit organization to develop a hands-on nature education facility in North Kansas City. The services provided by this organization were described as "similar" and "complementary" to services provided at the Discovery Center, according to outreach and education personnel. According to the organization's annual report, it serves 15,000 students per year and is the only one of its kind in the nation. In addition, the department operates Burr Oak Woods Nature Center which is located within 20 miles of the center and a variety of conservation educational programs for students and teachers are offered by the city.

A December 1992 plan for the development of nature centers addressed the need to serve inner city youth in Kansas City, according to an official from the department's outreach and education division, as well as the need to provide office space for department personnel in Kansas City. However, department personnel stated that the education center was expanded in response to the suggestions of financial donors. In addition, department officials did not conduct a market analysis to determine the demand for the educational center. Subsequent questions have arisen as to the affordability of busing students to the center from neighboring schools, according to department personnel. An analysis of this type would have given department officials an indication of expected usage during a school year.

Demand for
center not
determined

Budget process is not adequately linked to strategic planning

The department's budget process is not adequately linked to the strategic planning process. State guidance for strategic planning states that strategic planning should be "the basis for the allocation of resources and program implementation. Core and expansion budget requests should be driven by the strategic planning process." The guidance also states the link between the strategic plan and the budget is necessary to ensure a department's accountability.

Approximately 83 percent of the department's budget for fiscal year 2002 is being expended on existing conservation programs administered by division personnel. Those expenditures represent operational and salary costs, which are budgeted and tracked on a division basis. However, amounts budgeted annually are based on historic spending levels rather than on the strategic plan, according to department personnel. The remainder of the department's budget is available for capital improvement projects and reserves. A member of the capital improvements coordinating committee said committee members consider the strategic plan when prioritizing

capital improvement projects. However, committee members rely primarily on prioritized lists submitted by regional and unit staff in deciding which capital improvement projects to fund.

Department officials acknowledged the weak link between the budget and strategic planning process and said the strategic plan is not intended to be used extensively in the budget process. Officials contend a new management system being implemented will provide a sufficient link between program activities and the budget process. Further discussion with a department planning official showed this new system measures activities, such as the number of individuals served, but still does not measure program results.

Key personnel lack adequate training in the strategic planning process

Department planning section personnel stated they have received little strategic planning training and the training received did not cover the issues stressed in state strategic planning guidance. Personnel in this section review the work of the strategic plan review teams. The review teams evaluate the department's performance on each strategic issue and improve these issues by revising performance measures. One review team leader stated she had received no training, while another review team leader had not received planning training since 1997. Other review team members stated their only exposure to the strategic planning process occurred during a general discussion of strategic planning at department leadership training.

Planning section personnel have conducted strategic thinking and action planning workshops for field staff and supervisors. However, those workshops focused on how to use strategic thinking and action planning to develop local level operational plans and did not address creating a statewide strategic plan.

Strategic planning guidance not always followed

Department officials have not adhered to strategic planning guidance issued by the governor in 1995. State guidance states to successfully implement an integrated strategic planning process, "state agencies' planning processes should be based on a common planning model..." The primary differences noted between the state guidance and the department's strategic plan include the following.

First, the strategic plans reviewed did not specifically state what strategies would be employed to achieve department goals. The majority of the strategic issues in the fiscal year 2003 strategic plan contain strategies; however, most of them are imbedded in progress narratives, making it difficult to determine what strategies are being used. The identification of specific strategies is a key element of the evaluation of results. State guidance states "information from outcome measures, objective measures and customer satisfaction surveys should be reviewed and evaluated to provide the basis for developing alternative strategies and revising service design and delivery."

Second, department officials have not used common terminology as called for in the governor's guidance for strategic planning. The fiscal year 2003 strategic plan uses "performance measures" to track progress towards conservation goals. The state guidance specifies that the

department should measure progress in terms of "outcomes" and "objectives," with an "outcome" being a more general measure to be used by executive users and an "objective" being a more detailed measure to be used within the agency. The motive behind differentiating between the two, according to state guidance, is to simplify results measurement for executive users, such as the legislature, allowing them to fully understand the result measurement information presented to them. Department officials stated state guidance does not always apply to conservation related activities and they believe the department's existing planning process is adequate.

Conclusions

Department officials have not taken the necessary steps to ensure accountability in conservation programs and, therefore, cannot be assured that conservation goals are being achieved. The use of adequate data provides a sound basis to track progress over time and establishes trends that can then be used to effectively measure progress achieved. Establishing specific, measurable outcomes is critical to track progress and to prioritize department objectives. The use of baseline data in defining the extent of the problem is a critical step in the strategic planning process. This methodology allows management to determine whether a problem really exists, establish realistic goals, prioritize strategic issues, and more effectively implement appropriate strategies. Careful consideration of programs offered by other state, federal, or private entities should be undertaken to help ensure that state funds are not used to duplicate existing programs. In order to ensure that facilities and programs are fully utilized, it is also important to determine through valid market analyses, whether the public will take advantage of facilities or programs, if established.

Linking the budget and strategic planning processes is a key component in ensuring accountability because it allows management to evaluate performance and allocate department resources in the most effective manner. However, department expenditures are budgeted and tracked on a division basis while the strategic plan is organized by strategic issues. As a result, it is not clear which division is responsible for each strategic issue which makes it more difficult to measure the effectiveness of division activities.

Key planning personnel responsible for preparing the strategic plan have done so without the benefit of adequate training. Until department officials take steps to improve the strategic planning process and ensure greater accountability, taxpayers cannot be assured that state funds are being used effectively and conservation goals will be met.

Establishing specific strategies and using common language are also important to successful strategic planning. Without specific clearly documented strategies, it is difficult to determine what is being done to accomplish goals and identify alternatives available to reach those goals. Using common language is important to help legislators, as well as others, more easily understand what officials are trying to accomplish and provides legislators the ability to cross-compare results among agencies.

Recommendations

The Director, Department of Conservation, strengthen the department's strategic planning process by:

- 3.1 Improving the performance measurement process by using trend data to measure and support results achieved, defining how much improvement is needed, and restricting the use of performance measures.
- 3.2 Establishing problem statements that are well supported and based on appropriate data.
- 3.3 Assessing the impact of other public, state or federal programs when determining department needs and planning strategies.
- 3.4 Conducting valid market analyses to determine whether the public will support and utilize proposed projects or programs.
- 3.5 Organizing the strategic plan on a division basis to enhance the link between the plan and budgeting process.
- 3.6 Providing training to department personnel to ensure results-based planning efforts will be effective.
- 3.7 Adhering to state-issued guidance on the strategic planning process by developing specific strategies to accomplish department goals and using common terminology when formulating the plan.

Department of Conservation Responses and Our Evaluation

- 3.1 *We agree. We will integrate trend data where possible. We will continue to improve our use of performance measures as demonstrated by the benchmarks achieved through the Design For Conservation plan.*
- 3.2 *We agree. Clear problem statements help to direct efforts and identify areas of emphasis.*
- 3.3 *We agree about the importance of the assessment process. We must be aware of related initiatives outside the Department of Conservation, and we regularly meet with other agency staff to maximize efforts. MDC staff will continue to work with other entities when determining Department needs and planning strategies.*
- 3.4 *We agree. The Department has conducted scientific surveys of Missourians since 1979 to monitor their fish-, forest-, and wildlife-related interests. These surveys asked for specific citizen appraisal of Department performance, as well as guidance on what services the Department might provide to better serve Missourians. Department employees conduct informal surveys daily through interaction with the public. This is a valuable source of qualitative data that is constantly considered as programs are evaluated. We will continue*

targeted market analysis where warranted and will explore new strategies to employ marketing approaches for key programs.

- 3.5 *We do not agree. We feel it is important to focus our thinking and budgeting on priorities and issues rather than bureaucratic structure. This is critical to our success because multi-divisional approaches are needed to fulfill our constitutional mandate and to provide quality services to the consumers of the Department's resources.*

Auditor's Comment

Accountability cannot be accomplished without an adequate link between the budget document and the strategic plan. By creating such a link, the department would ensure state funds are being spent on department priorities in the most effective manner possible. Since the department's budget is already organized on a division basis, organizing the strategic plan in a similar fashion would be the most effective and efficient way to create such a link.

- 3.6 *We agree. Training is an important tool for excellence and we continue to place a high value on its importance in employee development. The Department's recent workshop, Strategic Thinking and Action Planning, provided the key elements of strategic and operational planning. We will continue to train staff in both strategic and operational planning.*
- 3.7 *We do not agree. In 1994, Governor Carnahan's Commission On Management and Productivity (COMAP) addressed the need for state agencies to adopt a strategic planning process. We believe the ultimate goal was to have all agencies institutionalize and regularly use a strategic planning process, tailored to their needs and organizational culture. We remain committed to the idea of continuous improvement and will continue to work with the state Interagency Planning Council regarding the state model and guidelines for strategic planning.*

OBJECTIVE, SCOPE AND METHODOLOGY

Objective

Our objective was to determine whether the department had adequate oversight of land acquisition and related projects and programs. To accomplish this objective, we focused on the department's (1) process for budgeting land acquisitions and capital improvements, and the impact of capital improvement spending on overall department costs; (2) oversight of private organization agreements related to land purchases, capital improvements, and other programs; and (3) the strategic planning process.

Scope and Methodology

To determine whether improvements are needed in the budgeting process and the impact of capital improvements on department costs, we reviewed budget procedures and conducted interviews with department personnel and officials familiar with the budgeting process. We also reviewed current and historical budget data for trends in expenditures for fiscal years 1975 through 2002. We obtained revenue estimates, expenditure estimates and cash flow projections through fiscal year 2010 and analyzed the relationship of revenue and expenditures for fiscal years 2002 through 2010.

To determine the adequacy of officials' oversight of affiliations with private organizations and political subdivisions, we developed data to determine the extent that partnership agreements had been used by department officials during fiscal years 1997 through 2002. With the assistance of department personnel, we developed a list of private organizations and political subdivisions, shown in Appendix II, page 28, and Appendix III, page 30, that had been provided funding for conservation-related projects.

To determine whether adequate oversight provisions had been included in agreements, we judgmentally selected 29 projects in which the department paid \$5.9 million to private organizations. We applied sound business practices that should be included in department agreements such as a summary of goals or objectives of the program or project, a detailed budget that outlines the planned use of state funds, access to financial records of the grantee and/or audited financial statements, and an annual report of accomplishments.

We conducted a detailed review of seven of those projects to determine the adequacy of oversight provided by department officials. As part of this review, we interviewed department personnel and reviewed reports submitted by the private organizations. We interviewed officials with one private organization and obtained available financial records for that organization to determine how state funds were used. In reviewing the seven projects, we considered sound business practices necessary to provide proper oversight of private or public organizations. Those practices included reviewing financial data or audited financial statements, making site visits and/or conducting program reviews, and assessing yearly accomplishments prior to renewing agreements.

APPENDIX I

To determine the adequacy of the department's strategic planning process, we reviewed department policies and procedures related to strategic planning and conducted interviews of department officials regarding the strategic planning process. We focused on department strategic plans for fiscal years 2001 and 2003 and reviewed plans dating back to August 1975, as well as selected department division operating plans and regional plans. We reviewed the Interagency Planning Council's *Missouri Integrated Strategic Planning - Model and Guidelines* which serves as guidance for state agency officials to use in strategic planning and other results based strategic planning guidance.

To determine the adequacy of training provided to key personnel involved in the strategic planning process, we interviewed department personnel that had received training and personnel that provided strategic planning training.

To determine whether land purchases and capital projects were adequately supported by strategic planning, we reviewed files for both types of expenditures made during fiscal years 1997 through 2002. We reviewed acquisition and project files, interviewed department personnel, and reviewed strategic planning documents to ascertain whether land acquisitions and projects were adequately justified and linked to the strategic planning process. We judgmentally selected the 19 land acquisition transactions shown in Appendix IV, page 32. The transactions selected accounted for approximately \$21 million, or 61 percent, of \$34.7 million expended for land acquisitions over that time period. In addition, we judgmentally selected 11 construction projects, shown in Appendix V, page 34, that totaled \$27.4 million, for review.

We obtained formal comments on this report from the Director, Department of Conservation in a letter dated September 6, 2002 and incorporated his comments where appropriate. We performed our work between November 2001 and July 2002.

GRANTEE ORGANIZATIONS

Table II.1 depicts the organizations receiving funding, amount received, and a description of the type of grant activity undertaken by the grantee.

Table II.1: Funding Provided to Private Organizations Since Fiscal Year 1997

Organization	Amount	Description
Ducks Unlimited**	\$ 1,480,129	Duck habitat restoration projects in Canada and support of a paid position.
Forest Releaf of Missouri**	989,322	Coordinates volunteer efforts to plant trees and monitor tree health throughout the state. Approximately half of the project cost was paid for from federal funds.
Missouri Forest Heritage Center**	465,549	Development of the Missouri Forest Heritage Center, a planned nature center type facility near Winona. The amount includes land valued at \$345,000.
Missouri Forest Heritage Center**	200,000	Development of an association in support of the Missouri Forest Heritage Center.
American Fish and Wildlife Museum**	500,000	Support of this museum located in Springfield. The contract obligated the department to contribute \$2.5 million (\$500,000 per year for 5 fiscal years) to this project.
Missouri Forest Products Association**	474,444	Support of a training program for loggers.
Gateway Trailnet Inc., of St. Louis	306,000	Grant for conservation of habitat and education area at Grasso Spring.
James Foundation of St. James*	242,144	Addition to a visitors center at the Meramac Spring Park, stream improvements and annual operational dues paid.
Ozark Greenways, Inc.	199,445	To reimburse landowners for fencing their property adjoining the Ozarks Greenway trail, and for interpretive signs placed along the trail.
National Fish and Wildlife Foundation*	174,767	Support of the forest interior bird component of the Missouri Ozark Forest Ecosystem Project.
Youth, Education and Health/YouthBuild*	156,000	To provide conservation education to students through this organization located in St. Louis.
Wildlife Management Institute**	144,021	Cooperative research programs on geese in Canada.
Audubon Society*	126,752	Support of two paid positions to promote the use of native plants.
Quail Unlimited*	125,359	Assistance for private landowners in improving habitat for quail.
The Nature Conservancy*	110,000	To fund a natural features inventory in 17 counties of the northeastern region (\$20,000 a year for four years) and \$30,000 for native prairie restoration on the Dunn Ranch Nature Preserve.
The Nature Conservancy	100,000	Partial reimbursement for the Westlake tract addition to the Dunn Ranch Nature Preserve owned by The Nature Conservancy.
The Nature Conservancy	52,696	To reimburse The Nature Conservancy for part of the payroll costs for a specialist who worked on the department's Heritage database during 2001 and 2002.
The Nature Conservancy	25,000	Development of a native forb seed nursery at Wah-Kon-Tah Prairie Preserve.
The Nature Conservancy	15,000	Landowner contact and Heritage site update in the Ozark region.
Trailnet Inc*	106,000	A grant to design the Great Rivers Resource Center in St. Louis in conjunction with other state and federal agencies.
Grace Hill Neighborhood Services*	100,663	Grant for the maintenance and development of the Riverfront Trail and North Riverfront Park in St. Louis.
Missouri Wildlife Rescue Center*	100,365	Grant to support the building of a new facility for this organization.

* Reviewed agreement.

** Reviewed agreement and oversight provided by department officials.

APPENDIX II

Organization	Amount	Description
Science City at Union Station	100,000	Grant for a conservation related exhibit at this facility in Kansas City.
Missouri 4-H Foundation**	89,360	Support a 4-H youth development faculty position at the University of Missouri.
Missouri Prairie Foundation*	60,000	To fund native prairie management on Missouri Prairie Foundation land and adjacent private land.
Missouri Prairie Foundation	10,000	To purchase chain saws and safety equipment for an Americorps team to manage native prairie on Missouri Prairie Foundation Land.
Missouri Prairie Foundation	7,500	To pay expenses for a grant writer position employed and funded by the Missouri Prairie Foundation.
Missouri Conservation Heritage Foundation*	76,000	Grant to a consultant to coordinate the "Grow Native" plant program to encourage the use of native plants.
Conservation Foundation of Missouri*	56,160	To help support the Natural Resources Career Camp Project in conjunction with other state and federal agencies.
Friends of the Zoo	55,077	Funded a Missouri River Life Aquarium at the Kansas City zoo.
Johnny Morris Foundation, Springfield	50,000	To help implement a pilot Outdoor Recreation and Conservation School.
Conservation Federation of Missouri*	40,000	To help pay the salaries of the "Wildlife Diversity Coordinator" and the "Stream Team Coordinator."
Greenville College	39,800	To plant giant cane on department property in the Southeast Region and monitor the success of the planting.
Missouri Botanical Garden	34,300	To pay for part of the cost to hire a contract botanist to help with a book on the flora of Missouri.
Missouri Botanical Garden*	30,000	To fund the East-West Gateway Biodiversity Initiative in cooperation with The Nature Conservancy, Department of Natural Resources, and several other agencies and organizations.
Shady Creek Nature Sanctuary	30,000	To purchase land.
Bridging the Gap, Kansas City	30,000	Assist partners with funding for a project coordinator for the Kansas City Wildlands Project.
Pheasants Forever	29,420	Winter survival food plot mix and other feed for pheasants.
World Bird Sanctuary*	25,000	Support of the Clarksville visitor center for public education.
Missouri River Communities Network*	20,600	Stream Team Grant to fund Missouri River cleanup effort held on October 6, 2001.
Neighborhood Partnership*	13,596	To help fund a tree removal project in St. Joseph.
St. Louis Orienteering Club	12,000	Grant to help fund an orienteering map of the Rockwood Reservation.
Mighty Ducks Team*	10,000	Grant for a team of teachers to participate in the Show-Me Environmental Education Model School Program.
NaturServe	10,000	Provide software and training on the new operating system for the Heritage database.
Missouri Cave and Karst Conservancy	8,000	Field visits and biological inventory of 40 caves in southern Missouri.
Northland Neighborhood*	5,000	The department's portion of a grant to plant 50 trees in Englewood Park in Kansas City.
Englewood Business Association*	5,000	The department's portion of a project to plant 15 trees in Kansas City.
Navigator Team*	5,000	Grant for a team of teachers to participate in the Show-Me Environmental Education Model School Program.
Weston Development Co.	5,000	A "Branch Out Missouri" grant. The grant provided funding for 35 trees for the city parking lot on Main St. in Weston.
Shaw Arboretum	2,730	A food stipend for Americorps workers for work at the Shaw Nature Reserve.
Cave Research Foundation*	2,520	To archive cave invertebrate specimens in a museum and to add cave biology records to a statewide cave biology database.
Greater Desloge Federated	1,906	A "Branch Out Missouri" grant. The grant provided funding for 19 trees for the city park in Desloge.
Foxtales International	1,211	For conducting storytelling workshops at nature centers.
Total	\$ 7,058,836	

Source: Information provided by department personnel.

COMMUNITY ASSISTANCE PROJECT GRANTS

Table III.1 depicts the funding year, political subdivisions receiving grant funding, amount received, and a description of the project undertaken by the grantee.

Table III.1: Funding Provided to Political Subdivisions Since Fiscal Year 1997

Year	Political Subdivision	County	Amount	Description
1997	Limpp Community Lake	Gentry	\$ 1,986	Lake bank repairs
1997	Worth County Community Lake	Worth	13,983	Lake bank and jetty repairs
1997	Perry County Community Lake	Perry	31,404	Electrical service and aeration
1997	North Riverfront Park	St. Louis	2,613	Fishing jetty and pier
1997	Boston Ferry Access	Taney	27,000	Access facility development
1997	Lancaster	Schuyler	7,500	Access facility development
1997	St. Louis County	St. Louis	168,750	Dredge Spanish Lake
1997	Harrison County Lake	Harrison	76,890	Access facility development
1997	Fellows Lake	Greene	8,045	Access facility repair
1997	Willmore Park Lake	St. Louis	18,054	Lake deepening
1997	O'Fallon Park Lake	St. Louis	2,655	Lake deepening
1997	Farrington Park Lake	Henry	16,989	Lake renovation
1997	Clover Dell Park	Pettis	100,635	Access facility development
1997	South Farm R-1 Lake	Boone	18,416	Access facility development
1997	Higbee City Lake	Randolph	17,212	Access facility development
1997	Marshall Habitation	Saline	40,000	Parking lots, road and dock
1997	Cassville	Barry	14,252	River bank stabilization
1997	Thayer	Oregon	57,404	Access facility development
1998	Perry County Community Lake	Perry	4,658	Electrical service and aeration
1998	Spanish Lake	St. Louis	4,821	Dock, trail and parking lot
1998	Harrison County Lake	Harrison	4,895	Access facility development
1998	Farrington Park Lake	Henry	60,986	Lake renovation and repair damage
1998	Dexter City Lake	Stoddard	10,290	Lake bank stabilization
1998	Clover Dell Park Grant	Pettis	51,000	Access facility development
1998	Empire District and Ozark Beach	Taney	186,000	Public use facilities
1999	Spanish Lake	St. Louis	9,756	Dock, trail and parking
1999	Dexter City Lake	Stoddard	8,536	Lake bank stabilization
1999	Odessa City Lake	Lafayette	25,075	Access facility development
1999	Mexico Lakeview & NE Park	Audrain	13,458	Parking lots and trails
1999	Macon	Macon	35,940	Access facility development
1999	Clarksville	Pike	38,000	Parking and restroom facility renovation
1999	Crawford County	Crawford	69,300	Birds nest access facility development
1999	Rockaway Beach	Taney	38,250	Restroom facility development
1999	Caplinger Mills Park	Cedar	1,826	Facility renovation
2000	Route 66 State Park	Jefferson	198,750	Access facility development
2000	Washington State Park	Washington	135,225	Access facility development
2000	Wild Acre Park Lake	St. Louis	25,000	Pond renovation and fishing pier
2000	Spanish Lake	St. Louis	5,972	Dock, trail and parking
2000	Suson Park Lakes	St. Louis	97,665	Lake bank stabilization
2000	Odessa City Lakes	Lafayette	91,268	Access facility development
2000	Mexico Lakeview & NE Park	Audrain	47,543	Access improvements, parking lots and trails

APPENDIX III

Year	Political Subdivision	County	Amount	Description
2000	Hickory Creek-Neosho	Newton	28,022	Development and river bank stabilization
2000	Potosi City Park	Washington	25,000	Pond construction
2000	Caplinger Mills Park	Cedar	2,044	Facility renovation
2001	Two Rivers Access	Shannon	231,135	National Park Service access development
2001	South Lake- Willmore Park	St. Louis	36,315	Parking, trail and platforms
2001	Boathouse Lake	St. Louis	32,967	Boathouse Lake renovation
2001	Bellefontaine Park Lake	St. Louis	19,808	Trail and platform
2001	Suson Park Lakes	St. Louis	235,288	Lake bank stabilization
2001	Odessa City Lakes	Lafayette	14,160	Access facility development
2001	Van Buren Riverfront Park	Carter	23,591	Ramp, parking and road
2001	Rockaway Beach Access	Taney	62,200	Fishing dock
2002	Fellows Lake	Greene	41,713	Boat ramp and parking renovation
2002	Forest Park	St. Louis City	71,076	Lake improvements
2002	Hideaway Harbor	St. Charles	253,035	Access facility development
2002	Van Buren Riverfront Park	Carter	165,294	Ramp, parking and road
	Total		\$ 3,029,650	

Source: Prepared by SAO based on information provided by department personnel.

APPENDIX IV

LAND ACQUISITIONS REVIEWED

This appendix lists the land acquisitions we reviewed as part of our review of the strategic planning process.

Land Acquisition	Cost	Description
Four Rivers Conservation Area addition	\$9.8 million	Purchased 7,036 acres in Vernon County for wetlands development. Of the total amount paid, approximately \$2.5 million came from department funding, approximately \$4.9 million came from federal funding and about \$2.4 million came from donations made by non-profit organizations. This tract connected two existing conservation areas to form a large wetland area.
Columbia Bottoms Conservation Area	\$9.5 million	Purchased 4,318 acres at the confluence of the Mississippi and Missouri Rivers in the city of St. Louis.
Gist Ranch Conservation Area *	\$2.2 million	Purchase of 11,404 acres of land in Texas County.
B.K. Leach Conservation Area addition	\$3.2 million	Purchase of 2,901 acres in Lincoln County for wetlands development. The department provided about \$1.5 million in funding for the purchase with the remainder being provided by non-profit organizations and funds held in trust.
Deer Ridge Conservation Area addition *	\$761,000	Purchased 1,912 acres in Lewis County.
Capps Creek Conservation Area	\$675,000	Purchased 647 acres in Newton County primarily due to the tract's coldwater stream frontage.
Jerry Presley Education and Training Center	\$630,000	Purchased 1,565 acres in Shannon County. Department officials purchased the property for use as a statewide educational and training facility for teachers because it had a lodge and various out buildings that would accommodate classrooms and overnight stays, according to the center's director. Education division personnel are responsible for the day-to-day operation of the facility and the department plans to spend about \$2 million for capital improvements to the facilities over the next 5 years.
Hart Creek Conservation Area	\$590,000	Purchased 574 acres of land in Boone County. Department officials believed the tract had potential for considerable public use because of its proximity to the Katy Trail.
Plowboy Bend Conservation Area addition	\$550,000	Purchased 557 acres in Moniteau County. The department is attempting to purchase the entire bend in the river for use as an opportunistic wetland and for flood control along the Missouri River.
Wigwam School Access	\$375,000	Purchased 78 acres in Morgan County on the Lake of the Ozarks to provide an additional lake access site.
Twenty Five Mile Prairie Conservation Area	\$280,000	Purchased 334 acres of prairie in Polk County.
Mule Shoe Conservation Area addition	\$162,000	Purchased 302 acres as an addition to Hickory County area. The tract contains approximately one mile of stream frontage considered important to the protection of an endangered specie of fish.
Mineral Hills Conservation Area addition	\$57,000	Purchased 120 acres in Putnam County to eliminate an inholding of the existing area.

* Two land acquisitions were reviewed.

APPENDIX IV

Land Acquisition	Cost	Description
River Round Conservation Area addition	\$56,000	Purchased 28 acres in Franklin County with Meramec River frontage to give the department better access to the existing area acreage.
Trade with U.S. Forest Service	\$1.37 million	The department traded various land to the U.S. Forest Service for land worth approximately \$1.38 million. Land acquired in this trade included the 456 acre Twin Pines Tract which was later donated to the Missouri Forest Heritage Center, Inc.
Private trade	Not available	1,647 scattered acres of department land were traded to a private landowner for 1,652 acres scattered throughout the Sunklands, Rocky Creek, Angeline and Clearwater conservation areas. The acres acquired served to eliminate inholdings of existing areas, while the acres disposed of were deemed expendable portions of existing areas.
Graham Brown Conservation Area	Not available	The land was originally donated to the Missouri Conservation Heritage Foundation by a private landowner. The foundation maintains a trust fund to be used in the maintenance of the area.

APPENDIX V

CONSTRUCTION PROJECTS REVIEWED

This appendix lists the construction projects reviewed as part of our review of the strategic planning process.

Project	Cost	Description
Parma Woods Shooting Range	\$3.6 million	Construction of a shooting range and training center in Platte County which is in the Kansas City metropolitan area. The total construction cost of the project was approximately \$3.2 million with an additional \$400,000 for internal design costs. The project included the building of a 10-point pistol and 15-point rifle range along with associated buildings, baffles, berms, parking lots, and other improvements on land leased from Platte County at a cost of \$1 per year.
Andy Dalton Shooting Range	\$338,000	The project involved the addition of an outdoor pavilion, trap station and one trap/skeet station to the existing facilities in Greene County. The total construction cost of the project was approximately \$265,000 with an additional \$73,000 for internal design costs.
Kansas City Discovery Center	\$9 million	Construction of an education center located in Kansas City. The total construction cost of the project was approximately \$8 million with an additional \$1 million for design costs. Officials designed the center to serve as an educational center for the Kansas City metropolitan area and to provide office space for some department employees as well as Department of Natural Resources personnel. The project was funded through approximately \$5.5 million in funding from the department, \$2.4 million in private donations and \$1.1 million from the Department of Natural Resources.
Lost Valley Fish Hatchery	\$21.8 million	The project involved the construction of a fish hatchery in Benton County, to serve as a central hatchery for the state. The total construction cost of this project was \$19.1 million with an additional \$2.7 million for internal design costs. Department officials obtained \$13.5 million in federal funds to help fund the project.
West Plains Regional Office	\$3.6 million	The project involved the construction of a regional office in Howell County at a total design and construction cost of \$3.6 million.
Four Rivers Conservation Area Wetland Development	\$537,000	The project involves construction of three wetland pools with a water surface of 2,535 acres along with the associated earthwork, water control structures, gravel roads and parking areas.
Settle's Ford Wetland Development	\$1.3 million	This project involved the development of 870 acres of wetland pools. It also included enhancement of a remnant channel of the South Grand River and the associated earthwork, water control structures, gravel roads, and parking areas. A federal wetlands grant of \$500,000 helped fund the project.

APPENDIX V

Project	Cost	Description
Nodaway Valley Wetland Development	\$4 million	Project consisted of 2,236 acres of new wetland pools, two pump stations, and parking areas. This project was funded, in part, with a \$1 million federal wetland grant. At the time of our review, \$2.7 million have been spent on this project.
Bellefontaine Conservation Area Pond Development	\$569,000	This project consists of the construction of two ponds, a wetland area, a trail, and an entrance roadway and parking area. Construction is currently in process.
Cape Girardeau Conservation Campus	\$6.6 million	<p>This planned construction project involves the building of a conservation campus underway in Cape Girardeau County that is estimated to cost about \$5.3 million, according to a department official. The department's commitment to the construction of the facility is \$4.75 million. The project will provide indoor and outdoor exhibits related to conservation issues important to Southeast Missourians, and office space for department employees. As of December 11, 2001, the department has paid a total of \$833,282 to the architect for the design of this project.</p> <p>This project is a partnership between the department, Cape Girardeau County and private parties in Southeast Missouri. Cape Girardeau County is providing the land for the building and is issuing the bonds, which the department will pay off over 10 years at an estimated cost of \$6.6 million, including interest. According to a department official, the private parties are required to raise approximately \$550,000 toward construction of the project. According to that official, the private parties have currently raised approximately \$150,000 of the required \$550,000 toward the project. Construction of the Conservation Campus will not begin until the private parties raise the remaining funds, according to that official.</p>
Columbia Bottoms Development	\$6 million	Columbia Bottoms is located at the confluence of the Missouri and Mississippi Rivers in St. Louis. The department is planning development of the site, which includes wetland restoration, an observation deck looking over the confluence, various roads and maintenance facilities and the construction of a visitors center. As of January 30, 2002, a total of \$495,091 has been paid to the design firm for this project. However, department capital improvement budgets estimate the entire Columbia Bottoms project to cost \$6 million.

COMMENTS FROM THE DEPARTMENT OF CONSERVATION**MISSOURI DEPARTMENT OF CONSERVATION***Headquarters*

2901 West Truman Boulevard, P.O. Box 180, Jefferson City, Missouri 65102-0180
 Telephone: 573/751-4115 ▲ Missouri Relay Center: 1-800-735-2966 (TDD)

JOHN D. HOSKINS, Director

September 6, 2002

Ms. Claire McCaskill
 Missouri State Auditor
 224 State Capitol
 Jefferson City, MO 65101

Dear Auditor McCaskill:

I appreciate the opportunity to comment on your draft performance audit report, "Department of Conservation Oversight of Land Acquisition, Capital Improvements, and Related Programs." As the new Director, your review of the Department's past performance is helpful, and many of the issues you raised are those which I am concerned with as well. It should be noted that some of the findings in the audit originated in 1997 and that subsequent improvements have been made in the way we conduct business.

We have an effort underway within the Department to review Department programs and make recommendations to the Director and Conservation Commission of a strategic nature. The work has progressed on schedule and implementation will begin by January, 2003. I expect several organizational efficiencies to result from the effort and I have already implemented cost-cutting measures that will have an immediate impact on the FY03 budget. I will achieve operating and capital improvement cost savings through a reorganization that will eliminate fourteen middle management positions within the Department. This will allow us to delay replacing two existing regional office buildings resulting in a savings of several million dollars. I have reduced the Department's out-of-state travel budget for FY03 by 30% since my appointment. My administration of the Department will place a number one priority on delivering the very best conservation programs in the nation to all citizens of the state of Missouri. An emphasis will be placed on the infra-structure needs of our existing properties. I will expect total accountability from my staff for the taxpayer dollars entrusted to the Commission.

Commissioners and employees of the Department take pride in the fact that the citizens of Missouri place an emphasis on conservation through their support of sales tax and license funding. In the Introduction of the draft report it states that the per capita expenditures for conservation in Missouri are the third largest in the nation. It is no accident that this is the case since Missourians were farsighted enough to approve the Conservation Sales Tax in 1976. A Missouri Department of Conservation article, "Promises Made Promises Kept", *Missouri Conservationist*, March 2002 (Attachment 1) reports in detail the results of 25 years of "Design for Conservation." Since passage of the Conservation Sales Tax Amendment in 1976, the Conservation Department has purchased nearly 450,000 acres of land from willing sellers. That amount represents about 60 percent of the 768,400 acres the Conservation Department now owns. I also believe it is important to recognize that revenue growth of the Conservation Commission fund has not kept pace with the state of Missouri revenue growth. Since 1979, Commission funds increased 204% compared to a state revenue increase of 317%. (Attachment 2).

COMMISSION

STEPHEN C. BRADFORD
 Cape Girardeau

ANITA B. GORMAN
 Kansas City

CYNTHIA METCALFE
 St. Louis

HOWARD L. WOOD
 Bonne Terre

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In response to the Recommendations contained in the draft report, please consider the following:

Recommendations:

1.1 *Develop plans to control future increases in operating expenditures and address future infrastructure maintenance requirements.*

MDC Response: We agree. The need to control operating cost increases has been recognized and future projects proposed will continue to include operating cost requirements prior to their approval.

1.2 *Require department personnel to address operating costs on all projects or programs during initial planning.*

MDC Response: We agree. All planning documents now contain operating cost projections for each new project. A Cash Flow management report is regularly prepared by the Fiscal Services Chief and reviewed by the Capital Improvement Coordination Committee as they consider future funding recommendations.

1.3 *Institute procedures that require a formal assessment of project specifications prior to formulation of initial internal cost estimates.*

MDC Response: We agree. This is now being done. Initial internal estimates have historically been revised as planning proceeds and prior to final approval.

2.1 *Establish oversight provisions for inclusion in agreements with private organizations that receive state funds by requiring:*

- **A summary of goals or objectives of the program/project.**
- **A detailed budget that outlines the planned use of state funds.**
- **Access to financial records of the grantee and/or audited financial statements.**
- **An annual report of accomplishment.**

MDC Response: We agree. These provisions are now incorporated into agreements with private organizations.

2.2 *Monitor private organizations to ensure requirements are met, state funds are used in accordance with agreements, and results are achieved as agreed by:*

- **Reviewing financial data or audited financial statements.**
- **Making site visits and/or conducting adequate program reviews.**
- **Formally assessing yearly accomplishments prior to renewing agreements.**

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MDC Response: We agree that a more formal monitoring process is appropriate. A designated Department official has been assigned to current and will be assigned to all future agreements with private organizations. Each agreement will be monitored against contract requirements and reported to the Director immediately if problems are identified.

3.1 *Improving the performance measurement process by using trend data to measure and support results achieved, defining how much improvement is needed, and restricting the use of performance measures.*

MDC response: We agree. We will integrate trend data where possible. We will continue to improve our use of performance measures as demonstrated by the benchmarks achieved through the Design For Conservation plan.

3.2 *Establishing problem statements that are well supported and based on appropriate data.*

MDC response: We agree. Clear problem statements help to direct efforts and identify areas of emphasis.

3.3 *Assessing the impact of other public, state or federal programs when determining department needs and planning strategies.*

MDC response: We agree about the importance of the assessment process. We must be aware of related initiatives outside the Department of Conservation, and we regularly meet with other agency staff to maximize efforts. MDC staff will continue to work with other entities when determining Department needs and planning strategies.

3.4 *Conducting valid market analyses to determine whether the public will support and utilize proposed projects or programs.*

MDC response: We agree. The Department has conducted scientific surveys of Missourians since 1979 to monitor their fish-, forest-, and wildlife-related interests. These surveys asked for specific citizen appraisal of Department performance, as well as guidance on what services the Department might provide to better serve Missourians. Department employees conduct informal surveys daily through interaction with the public. This is a valuable source of qualitative data that is constantly considered as programs are evaluated. We will continue targeted market analysis where warranted and will explore new strategies to employ marketing approaches for key programs.

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3.5 *Organizing the strategic plan on a division basis to enhance the link between the plan and the budgeting process.*

MDC response: We do not agree. We feel it is important to focus our thinking and budgeting on priorities and issues rather than bureaucratic structure. This is critical to our success because multi-divisional approaches are needed to fulfill our constitutional mandate and to provide quality services to the consumers of the Department's resources.

3.6 *Providing training to Department personnel to ensure results-based planning efforts will be effective.*

MDC response: We agree. Training is an important tool for excellence and we continue to place a high value on its importance in employee development. The Department's recent workshop, *Strategic Thinking and Action Planning*, provided the key elements of strategic and operational planning. We will continue to train staff in both strategic and operational planning.

3.7 *Adhering to state-issued guidance on the strategic planning process by developing specific strategies to accomplish department goals and using common terminology when formulating the plan.*

MDC response: We do not agree. In 1994, Governor Carnahan's Commission On Management and Productivity (COMAP) addressed the need for state agencies to adopt a strategic planning process. We believe the ultimate goal was to have all agencies institutionalize and regularly use a strategic planning process, tailored to their needs and organizational culture. We remain committed to the idea of continuous improvement and will continue to work with the state Interagency Planning Council regarding the state model and guidelines for strategic planning.

The Conservation Commission and all Department staff are committed to improving the future delivery of conservation programs to all Missourians while maintaining a high degree of accountability.

Sincerely,



JOHN D. HOSKINS
 DIRECTOR

Attachments

c: Conservation Commission